

ONE DAY



SERVICE

PROMOTION BASICS



Why do we buy the television we watch, the cars we drive, and even the toothpaste we use? We buy them primarily as a result of *promotion*. Promotion is a part of our daily lives. The clothes we choose to wear and the food we choose to eat are almost entirely the result of promotion.

WHAT IS PROMOTION? Promotion is one of the major elements of the marketing mix of the business. Promotion is a form of persuasive communication, or getting others to do what you want them to do. Its function is that of informing consumers about a product or service and influencing them to buy that product or service. There are many different promotional tools that are used by businesses to enhance the image of the product, such as mailings, speeches, presentations, contests, packaging, films, catalogs, coupons, posters, and even endorsements by famous people. Promotion is an important part of a business's strategy in surviving today's competitive marketplace.

ELEMENTS OF THE PROMOTIONAL MIX To achieve desired sales results, entrepreneurs must consider all forms of promotion and decide which ones should be used and in what proportion. Naturally, the aim of every small business owner is to get the most from every dollar spent for promotion. The combination of different forms of promotion is called the *promotional mix*. The makeup of the promotional mix varies with the product being promoted, the nature of the potential customers, the general market conditions, and the funds available.

Advertising is a non-personal sales message that is paid for by an identified company. It promotes the company's products, services, or image and is directed toward a mass audience. The fact that advertising is paid for distinguishes it from free publicity. The non-personal approach of advertising distinguishes it from personal selling. Advertising media are the channels of communication used by advertisers to send their messages to potential customers. Advertising media include radio, television, newspapers, magazines, direct mail, and billboards.

Sales promotion is any sales activity that supplements or coordinates advertising and personal selling. Sales promotion includes free samples, coupons, contests, and other special incentives intended to stimulate sales.

Display or visual merchandising is an important part of promotion. It is the display of a product at or near the point of purchase. Visual merchandising includes attractive window and interior displays and eye-catching exterior signs.

Public relations is the total process of building goodwill toward a business. One approach to building public relations is to hire a company to promote the business goals of the owner. The fee is usually determined by the amount of time the public relations firm must spend to accomplish the small business owner's goals.

Publicity is free advertising for the business. For example when a newspaper covers the opening of a new business, the owner does not pay for it.

Personal selling is the direct effort made by a salesperson to convince a customer to make a purchase. It is directed toward one person or at a small group through direct communication.

WHAT ARE THE MEDIA OF PROMOTION?

The use of any of the media to promote the small business should be based upon the target market to be covered. This market is those consumers whom you want to purchase your product or service. Other considerations include the size and type of audience, the promotion costs, the time or space available, and the suitability of that medium to the consumers.

The promotional message does need to be repeated several times in order for the buyer to remember it. In general, it must be run at least six times within the customer's decision period in order to be most effective in most media presentations. An advertisement placed only once on the radio or television is almost always highly ineffective. Different media provide different advantages to different types of businesses, though, and you must decide which is best for your small business.

The *newspapers* account for approximately 30 percent of all promotional dollars. Newspapers provide the flexibility, longevity, and graphic presentation necessary and appropriate for many entrepreneurs with a short lead time. *Lead time* is the actual time that is required by the medium in order to schedule your advertisements. Usually newspapers require only five to seven days for this. Grocery stores, department stores, and fashion clothing stores will often run weekly ads in the local newspapers, especially since they may not know what items will be on sale until the week before the event. Newspaper ad space rates are based on the circulation or number of papers sold to the community. The larger the circulation is, the higher the rates.

The *radio* is more common for advertising today than ever before. There are over 400 million radios in use in the United States today. Radios reach a wide array of customers and provide great flexibility with a short lead time. It is important that any message promoted over the radio be repeated a number of times. Radio advertising is generally sold in amounts of 15-, 30-, and 60-second spots. The 30- and 60-second spots are most popular. Costs will vary according to the time of day, the size of the listening audience, and the particular station. It is important to remember that different radio stations attract different target markets.

Television ranks second to local newspapers in terms of promotion dollars. The average person watches over six hours of television per day, and over 97 percent of all homes in the United States have television sets. It allows both a visual as well as an audible message. Television advertising is sold in time units of 10, 20, 30, and 60 seconds. The 30-second television advertisement is the most common. Rates will vary according to stations as well as to the time of day.

Magazines provide a very specific audience. They are generally limited to specific topics or geographical areas. However, there are many nationally distributed magazines that have wide appeal for the advertising dollar. Unlike radio, television, or even newspapers, magazines last for long periods of time and are often read by more than one reader. The advertisement will last as long as the magazine.

Direct mail has grown enormously since its beginning. Direct mail reaches a specific target market and may even be used in the form of catalogs, letters, postcards, coupons, circulars, price lists, or business cards. The rate of return in a national direct mail campaign averages 2 to 3 percent.

Directories also provide a specific target market. The most common form of directory is the *Yellow Pages* of the local telephone book. The directory provides a long-lasting advertisement, usually published annually. Often its life expectancy is the longest of any promotional message- a year or more, or as long as the directory lasts.

Outdoor promotions is an area that is often under-used but still successful. The use of billboards, buses, and taxis may be developed and effectively used. Outdoor promotions are an excellent way to reach travelers, often with many repeat readers.

It should be understood, however, that the promotional mix always varies with the product and the market. The owner of a roadside fruit stand has his own promotional mix - modest though it may be - which is just as individual as the promotional mix of a large national airline. The mix is rarely the same for any two businesses or for different time periods in the same business.

Effective use of promotion should be a valuable tool to any small business owner or entrepreneur. With an increased understanding of the wants and needs of the customers, you will be better able to supply the goods or services that will increase your profitability.

PROMOTION ACTIVITIES FOR STUDENTS

1. Identify terms in the *Promotion Basics* article that are used in promotion and are specific to that industry. Determine the meanings of these words and practice using them in sentences that show clear understanding.
2. Compare the promotional methods used by a local small business and a large business (i.e. local pharmacy versus chain drugstore). You should find many differences. Explain the differences and why they exist. Is there any disadvantage to the small business as it tries to promote its business?
3. Prepare a list of 10 different types of products or services. For each product, determine which type of promotional method(s) would be best for informing consumers about the product or service. Why did you select each method?
4. In teams of four to six persons, develop a chart for the following products and services, comparing the differences among them. Write a statement for each product or service discussing how valuable promotion would be in helping the customer make a buying decision.

* Anderson House windows	* Artist
* BMW automobile	* Beautician
* Maytag washer	* Circus
* McDonald's new fast food menu	* Florist
* Ruffles potato chips	* Printer
5. In teams of four to six, brainstorm strategies to promote your school. Discuss the value of developing a public relations program for the school to use within the community. Try to use all six elements of the promotional mix to better accomplish your task. Can all six elements be used effectively or not?